

**University of Iowa Hospitals and Clinic
Executive Board Committee Memorandum
Board of Regents, State of Iowa**

Subject: Quarterly Update on University Hospitals Operations, Program, and Finances

Prepared by: Deb A. Hendrickson

Date Submitted: May 10, 2004

Recommended Action:

Receive the report.

Executive Summary:

The University will provide a brief update to the institutional score card for the nine months ending 3/31/04 compared to the same period in fiscal years 2002 and 2003 for each of the following categories:

- Workplace of Choice
- Pursuing Excellence
- Improving Efficiencies
- Financial Strength

The University will also address comparative financial results for July through March and the case mix index.

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University of Iowa Hospitals and Clinics

HOSPITALS & CLINICS
University of Iowa Health Care

WORKPLACE OF CHOICE

	Fiscal Year 2002	Fiscal Year 2003	Nine Months Ending 3/31/04	Year to Date Benchmark
On-time completed appraisals	97.9%	98.5%	98.7%	100.0%
Overtime FTEs as a % of Reg FTEs	2.8%	2.7%	1.7%	0.0%
Agency FTEs as % of Reg FTEs	3.2%	2.9%	1.7%	0.0%
Benefits as a % of total salaries	34.5%	32.0%	34.8%	23.9%
Employee vacancy rate	n/a	9.2%	9.3%	8.0%
Employee satisfaction out of 4	3.31	3.33	3.19	3.50
Days to fill vacancies	n/a	78.7	75.6	56.1

* FTE = full time equivalent of 2,080 hours per year

Benchmark Sources: University Hospital Consortium, Ambulatory Care Score Card, JCAHO Standards, UIHC Budget, Moody's Investors Service, Institutional Targets

PURSUING EXCELLENCE

	Fiscal Year 2002	Fiscal Year 2003	Nine Months Ending 3/31/04	Annual Benchmark
Satisfied with overall care	89.6%	90.2%	90.6%	100.0%
Recommend to others	95.5%	96.3%	96.4%	100.0%
Clinic reception wait times < 15 min	72.4%	72.7%	73.5%	80.0%
Appt. schedule < 14 days or desired	75.9%	74.5%	75.1%	80.0%
% completion advance directives	47.5%	69.9%	82.2%	90.0%
% verbal med orders signed < 4 days	75.0%	73.3%	79.2%	90.0%
Avg. ETC OP check-in to check-out time	121	134	148	120

* ETC OP = Emergency Treatment Center Outpatient

Benchmark Sources: University Hospital Consortium, Ambulatory Care Score Card, JCAHO Standards, UIHC Budget, Moody's Investors Service, Institutional Targets

IMPROVING EFFICIENCIES

	Fiscal Year 2002	Fiscal Year 2003	Nine Months Ending 3/31/04	Annual Benchmark
Observed/expected LOS ratio	1.14	1.09	.97 (b)	1.00
% patients discharged by 11:00 a.m.	20.6%	21.5%	22.8%	40.0%
FTES per adjusted occupied bed	6.74	6.87	6.91	6.09
OR hours per OR patient (a)	2.68	2.76	2.79	2.63
Cost per adjusted discharge (c)	\$14,284	\$14,221	\$14,434	\$11,839
Payroll cost per adjusted discharge	\$7,141	\$7,215	\$7,568	\$6,918
Supply cost per adjusted discharge	\$3,237	\$3,175	\$3,041	\$2,839
Total cost per clinic visit	\$382	\$389	\$431	\$431

- (a) Main OR and ASC combined
- (b) Data availability lags one quarter so number reported is for six months ending 12/31/03.
- (c) Restated to reflect presentation change of bad debt expense from an operating expense to a reduction in gross patient revenue

* LOS = Length of Stay

Benchmark Sources: University Hospital Consortium, Ambulatory Care Score Card, JCAHO Standards, UIHC Budget, Moody's Investors Service, Institutional Targets

FINANCIAL STRENGTH

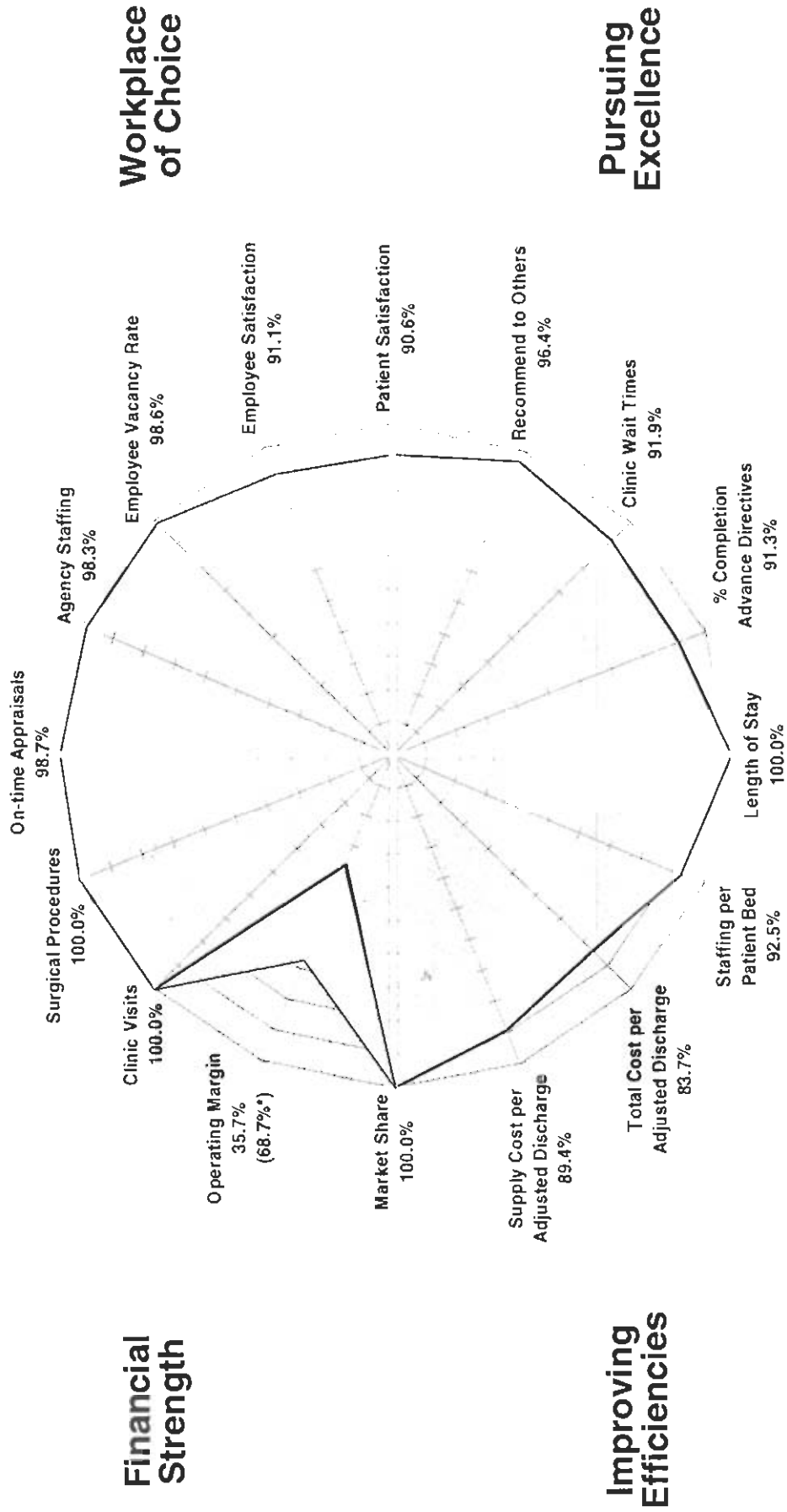
	Fiscal Year 2002	Fiscal Year 2003	Nine Months Ending 3/31/04	Annual Benchmark
Market share (inpatient)	6.2%	6.4%	(a)	6.2%
Operating margin	2.0%	1.4%	1.1%	3.3%
Acute admissions	24,511	25,264	19,062	25,200
Acute inpatient days	179,992	177,252	131,190	170,100
Clinic visits (main campus)	615,242	655,476	490,663	649,800
Major surgical procedures	19,814	20,269	15,352	20,661
Emergency Treatment Center visits	30,587	30,875	23,509	32,800
Debt service coverage ratio	15.3	14.8	13.2	6.6

(a) Available only annually so data availability will lag

Benchmark Sources: University Hospital Consortium, Ambulatory Care Score Card, JCAHO Standards, UIHC Budget, Moody's Investors Service, Institutional Targets

UNIVERSITY OF IOWA HOSPITALS AND CLINICS Institutional Score Card

7/1/03 - 3/31/04



* Revised forecast for FY 04 is 1.6%; YTD performance is 68.7% of revised forecast

UNIVERSITY OF IOWA HOSPITALS AND CLINICS Comparative Financial Results for July through March

	July-March FY 2002*	July-March FY 2003 ^a	%	July-March FY 2004*	%	Change '03 to '04
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NET REVENUES:

Total Pay Patient Rev.	\$362,381,247	\$389,739,436		\$418,349,471		7.3%
Appropriations	33,417,456	32,250,684		30,518,177		-5.4%
Other Operating Rev.	23,095,862	26,131,841		28,078,271		7.4%
Total	\$418,894,565	\$448,121,961		\$476,946,919		6.4%

EXPENSES:

Salaries and Wages	\$221,154,234	\$236,623,358		\$254,606,433		7.6%
General Expenses	160,031,242	167,407,523		185,197,296		10.6%
Depreciation	30,747,064	32,503,862		31,608,025		-2.8%
Interest Expense	599,830	162,944		90,000		-44.8%
Total	\$412,532,370	\$436,697,687		\$471,501,754		8.0%

Operating Margin	\$6,362,195	\$11,424,274		\$5,444,165		-52.3%
Operating Margin %	1.5%	2.5%		1.1%		-55.2%

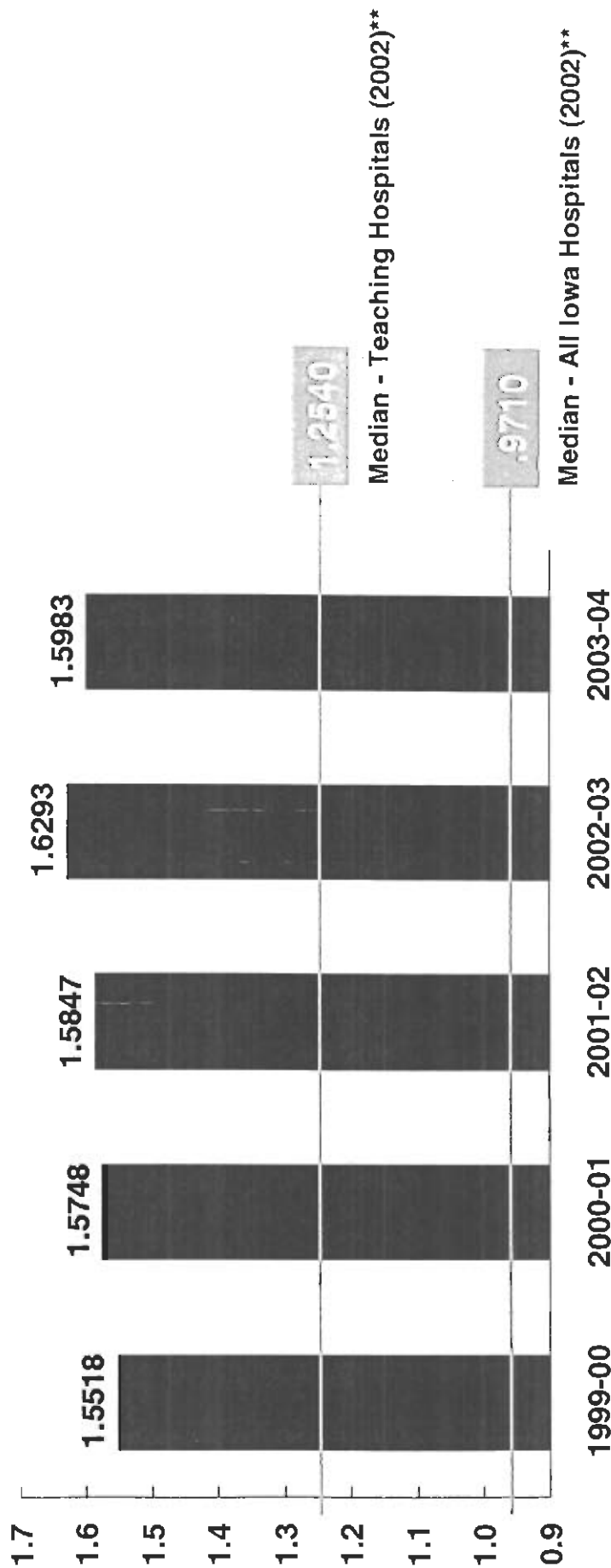
* Bad debt is no longer classified as an operating expense. Bad debt expense for prior fiscal years has been reclassified as an offset to net paying patient revenue in accordance with recent Government Accounting Standards Board interpretations.

^a Based on March 31, 2003 preliminary results which do not include 4th quarter year-end adjustments.

UNIVERSITY OF IOWA HOSPITALS AND CLINICS

CASE MIX INDEX - ALL ACUTE INPATIENTS*

JULY - MARCH



* THE CASE MIX INDEX REFLECTS THE OVERALL CLINICAL COMPLEXITY OF THE PATIENT CENSUS OF A GIVEN HOSPITAL BY ESTIMATING THE LEVEL OF RESOURCE CONSUMPTION OF THE AVERAGE PATIENT RELATIVE TO THAT OF ALL HOSPITALS NATIONALLY WHICH HAVE A CASE MIX INDEX OF 1.00.

** ALMANAC OF HOSPITAL FINANCIAL OPERATING INDICATORS, 2004 CHIPS